GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4072
ANSWERED ON:14.12.2001
BENARAS STATE BANK
RAJ NARAIN PASSI

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has frozen the transaction of the Benaras State Bank Ltd.;

(b) if so, the reasons therefor and amount deposited by the depositors in the various branches of the above bank;

(c) the details of the profit/loss of the bank during the last year; and

(d) the action taken by RBI to retrieve the depositors who have deposited their hard earned money in this bank ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b): In exercise of the powers vested under Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India has imposed certain directions on the Benaras State Bank Ltd. (BSBL) having its Head Office at Varanasi (Uttar Pradesh) with effect from the close of business on 25th September, 2001, prohibiting the bank/its branches from accepting fresh liabilities and limiting withdrawals from the deposit accounts to the maximum of Rs.1000/-, which has been subsequently enhanced to Rs.2,500/- effective from 13 October, 2001. Under the RBI`s directive dated 25th September, 2001 the accounts of the depositors have not been frozen, but a restriction has been imposed on the amount that may be allowed to be withdrawn there from. RBI has further reported that the outstanding deposits of the Bank as at the fortnight ended 19th October, 2001 was Rs.1032.18 crores.

(c): RBI has reported that the BSBL had incurred net losses of Rs.13.39 crores during the year 2000-2001.

(d): The future set up of the BSBL with a view to protect the interests of its depositors is under consideration of RBI and Government.